

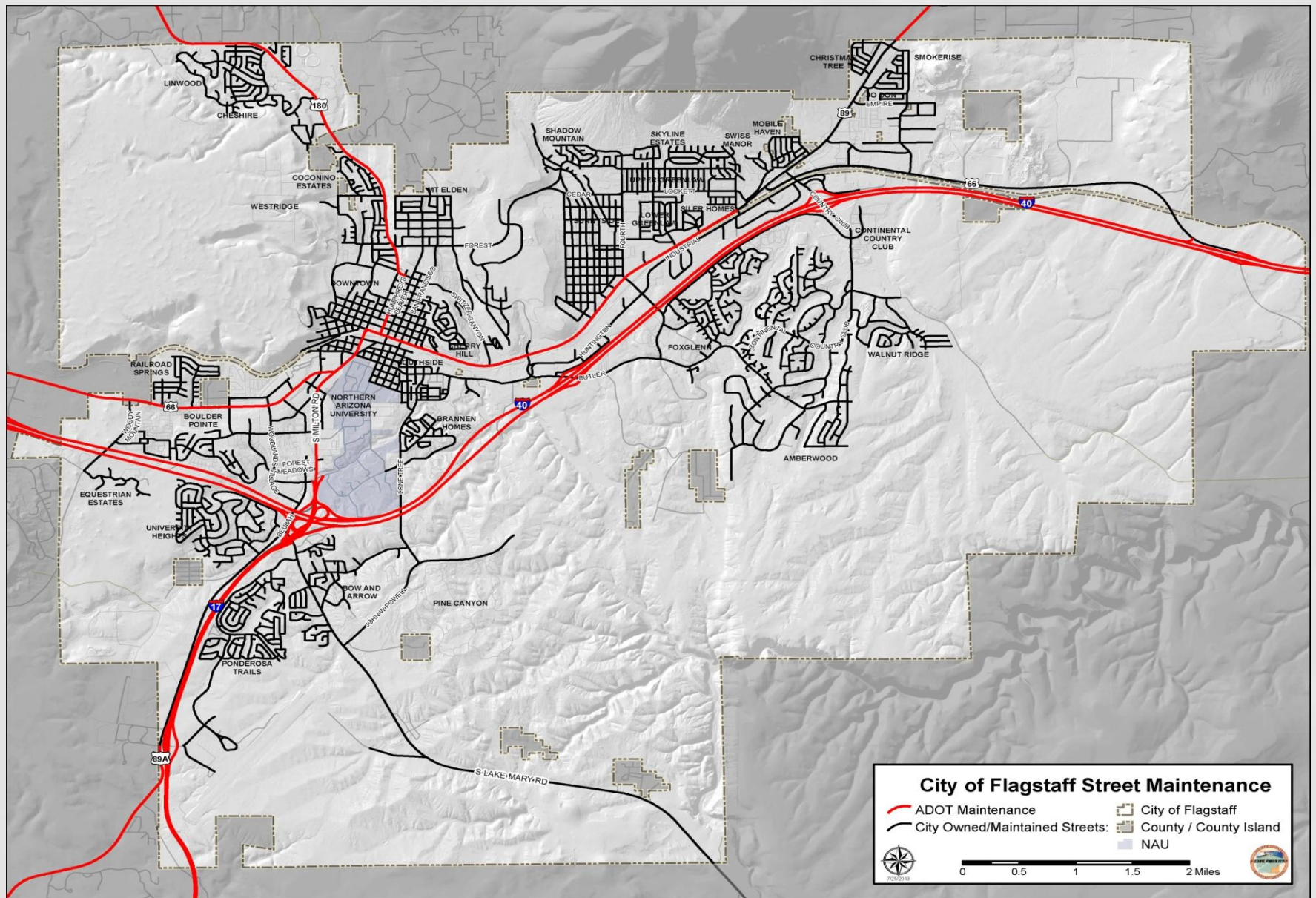
CITY OF FLAGSTAFF TRANSPORTATION TAX PROPOSAL

November 21, 2013



Overview

- Background
- Conditions
- Proposal
- Next Steps



Transportation Tax Proposal

Background

- Council Goal: “Repair, Replace and Maintain Infrastructure” (Streets and Utilities)
- Quality Infrastructure Assessment
 - Condition of City infrastructure is below target
 - Projected infrastructure needs: \$50M to repair existing streets to target and \$4.5M/year to maintain

Background

- November 2012: Quality Infrastructure Analysis
- April 2013: Council direction to explore new revenue and confer with other agencies
- FY2014 Budget Highlights
 - Increased on-going pavement preservation from \$1.2M to \$2.2M.
 - Increased one time pavement preservation from \$0 to \$1M.
- September 2013: Council direction
- Interagency Considerations

Conditions

- Sales Tax is preferred revenue source
 - 1/10 of 1% generates \$1.5M
- Current Transportation Sales Tax is 0.721%
 - 0.291% - NAIPTA
 - 0.16% - Debt Service (4th Street Overpass)
 - 0.186 – RTP
 - 0.08% - Safe Schools
 - Set to expire 2020
- 2014 election

Bonds and Revenue

- Bonds are a financing tool.
- Bonds are not a revenue source.
- Need a revenue source to pay for bonds.
 - Sales Tax (ex: 4th Street Overpass)
 - Property Tax (ex: fire station)
 - Rents (ex: Innovation Mesa)

Proposal

- Address the backlog of repairs and maintenance to the City's transportation infrastructure
- Focused on improving the current condition of existing City streets
- Following the pavement
 - Addressing other critical infrastructure
- Public input and engagement
- Collaboration with other agencies
- Continue efforts to recover HURF

Proposal

2014 election to increase tax for street maintenance and repairs:

- Option 1: A new ~0.279% sales tax increase for street maintenance and pavement preservation
 - Sunset: 25, 20 or 15 years
 - Borrow \$50M in years 1-3 to address projects
 - Balance to ongoing maintenance and FUTS
- Option 2: A new ~1.0% sales tax increase for street maintenance and pavement preservation
 - Sunset 3 years/ No bonding/ No maintenance

Proposal

In addition to streets, the City is considering:

- Water and sewer line replacements
- Missing sidewalks
- Bike safety improvements
- Scheduled capital improvements projects

Next Steps

- What will the proposed tax address?
 - Streets
 - Utilities
 - Ancillary repairs – curbs, sidewalks, etc.
 - Bike safety improvements
- Renew existing Transportation/Transit Tax?
- What are the preferred terms of the tax?
 - Ex: full cent tax for a few years or 3/10 cent tax for 25 years

Next Steps

- Citizen Review Committee
- Review results of the City's citizens survey and County's polling
- Bicycle and Pedestrian Advisory Committee
- Transportation Commission
- City Council